



## CITY OF SANTA BARBARA

### JOINT COUNCIL AND REDEVELOPMENT AGENCY AGENDA REPORT

**AGENDA DATE:** March 1, 2011

**TO:** Mayor and Councilmembers  
Chair and Boardmembers

**FROM:** Engineering Division, Public Works Department  
Housing and Redevelopment Division, Community Development  
Department

**SUBJECT:** Contract For Construction For The Fire Station No. 1 Administrative  
Office Building Project

**RECOMMENDATION:** That Council:

- A. Waive minor bid irregularities, reject the bid protest of Melchiori Construction, and award and authorize the Public Works Director and the Redevelopment Agency Deputy Director to execute a contract with Western Group, Inc. (Western), in the low bid amount of \$1,899,874 for construction of the Fire Station No. 1 Administrative Office Building Project (Project), Bid No. 3608;
- B. Authorize the Public Works Director and the Redevelopment Agency Deputy Director to execute a contract and approve expenditures up to \$284,981 to cover any cost increases that may result from contract change orders for extra work and differences between estimated bid quantities and actual quantities measured for payment;
- C. Authorize the Public Works Director and the Redevelopment Agency Deputy Director to execute a contract with Kruger Bensen Ziemer Architects, Inc. (KBZ), in the amount of \$136,200 for design support services during construction, and Leadership in Energy and Environmental Design (LEED) administrative services, and to approve expenditures of up to \$13,620 for extra services of KBZ that may result from necessary changes in the scope of work;
- D. Authorize the General Services Manager to issue a Purchase Order to Fugro Consultants, Inc. (Fugro), in the amount of \$3,500 for materials testing and special inspection services, and to approve expenditures of up to \$500 for extra services of Fugro that may result from necessary changes in the scope of work;
- E. That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Approving and Adopting the Findings Required by Health and Safety Code Section 33445 for Redevelopment Agency Funding of Capital Improvements to the Fire Station No. 1 Administrative Office Building Project; and

- F. Authorize the General Services Manager to issue a Purchase Order to Keystone Engineering Solutions, Inc. (Keystone), in the amount of \$11,054 for LEED Commissioning services during construction.

## **EXECUTIVE SUMMARY:**

Eight bids were received for the Project with the lowest responsive bidder being Western. To complete the construction phase of the Project, staff recommends Council waive minor bid irregularities, reject the bid protest from Melchiori Construction, authorize the Public Works Director to accept the low bid, and enter into a contract with Western. Staff recommends Council also authorize the Public Works Director to enter into a contract with KBZ for construction support and LEED administrative services during construction. Staff further recommends Council authorize the General Services Manager to issue a Purchase Order to Fugro for material testing and special inspection services and to Keystone for LEED Commissioning services during construction.

## **DISCUSSION:**

### **PROJECT DESCRIPTION**

In June 2006, Council authorized the Public Works Director to proceed with preliminary design of Fire Station No. 1 and its annex, located at 925 Chapala Street. Due to budget concerns, the project was divided into two phases, the main station building and the renovation of the annex. The second phase of renovating the annex was temporarily deferred. The main station has been completed. On September 29, 2009, funding for the annex phase was approved by the Redevelopment Agency Board, and the Project is now ready for construction. The remodeled annex space will be used to house the Fire Department administrative staff. The work will include seismic, mechanical, and electrical upgrades, as well as Americans with Disabilities Act improvements. The annex remodel is occurring while Fire Station No. 1 remains operational.

### **CONTRACT BIDS**

On December 14, 2010, a total of eight bids were received for the subject work, ranging as follows:

<b>BIDDER</b>		<b>BID AMOUNT</b>
1.	Western Group, Inc. Woodland Hills, CA	\$1,899,874
2.	Melchiori Construction Santa Barbara, CA	\$1,979,177
3.	McGillivray Construction Ventura, CA	\$1,999,000

BIDDER	BID AMOUNT
4. Sanders Construction Services Lake Forest, CA	\$2,099,000
5. SBS Corporation Westlake Village, CA	\$2,127,241
6. Newton Construction San Luis Obispo, CA	\$2,198,000
7. Vernon Edwards Construction Santa Maria, CA	\$2,299,000
8. Ardalan Construction Thousand Oaks, CA	\$2,450,000

The low bid of \$1,899,874 was submitted by Western. It is an acceptable bid that is responsive to and meets all of the requirements of the bid specifications.

The change order funding recommendation of \$284,981, or 15%, is typical for this type of work involving the renovation of an existing building.

The average of the bids received was \$2,131,412, which is \$35,192, or 1.6% under the engineer's estimate of \$2,166,603. Staff believes the bids received were well within the engineer's estimate.

## **BID PROTEST**

On December 15, 2010, a bid protest was filed by the second apparent low bidder, Melchiori Construction (Melchiori). Melchiori's protest asserts that due to technical flaws, errors, and a disregard for bid instructions, Western's bid should be rejected and the Project should be awarded to Melchiori. Subsequently, the City and Melchiori have corresponded in writing on several occasions, which are outlined in the attached indexed Council/public reading file on this Agenda item. Staff has thoroughly investigated each of the allegations made by Melchiori and its attorney and has found no evidence or proper basis that would support the rejection of the low bidder in favor of Melchiori. Staff finds Western's proposal to be responsive to the request for bids and recommends that Council reject the bid protest filed by Melchiori and proceed with award of the contract to Western. For more information, please review all of the materials in the attached indexed reading file that also includes a Inon-legal "construction issue" summary of each of the issues brought up in the protest by Melchiori.

## **CONSTRUCTION PHASE CONTRACT SERVICES**

Staff recommends that Council authorize the Public Works Director and the Redevelopment Agency Deputy Director to execute a contract with KBZ in the amount of \$136,200, including \$13,620 for extra services for design support services during construction, including LEED administrative services. KBZ has been the architect throughout the Project. As such, KBZ is the most qualified to continue with this Project during construction. In addition to the normal design support services during construction, KBZ will also be providing LEED administrative services to assist the Project in achieving a LEED Silver rating.

Staff recommends that Council authorize the General Services Manager to issue a Purchase Order to Fugro in the amount of \$4,000, including \$500 for extra services, for material testing and special inspection services. Fugro is on the City's Pre-qualified Engineering Services list and is experienced in this type of work.

This Project requires LEED Commissioning services for the design, construction, and warranty phases of the project. To secure these services, a Request for Proposal was sent to seven qualified LEED commissioning firms. The proposals were reviewed by the project design firm KBZ and City staff, and Keystone Engineering Solutions was chosen as the firm most closely aligned with the City's LEED commissioning needs.

Staff recommends that Council authorize the General Services Manager to execute a contract with Keystone Engineering in the amount of \$11,054, for LEED Commissioning services during construction. Keystone will perform a LEED auditing function by working with KBZ in reviewing the contractors' submittals, warranties, reports, develop pre-functional checklists, review operations and maintenance manuals, perform site inspections, witness equipment start-ups, and return ten months after completion to perform a post-construction LEED audit to insure all equipment is operating as designed for maximum performance and energy conservation.

## **FUNDING**

The Redevelopment Agency is funding the Project with \$3,750,000 from the Agency's 2003 Tax Allocation Bonds proceeds. The amount budgeted for the Project was \$2,709,623, which is more than the Project cost estimate of \$2,349,729. The following summarizes the expenditures recommended in this report:

### CONSTRUCTION CONTRACT FUNDING SUMMARY

	Basic Contract	Change Funds	Total
Western Group, Inc.	\$1,899,874	\$284,981	\$2,184,855
Kruger Bensen Ziemer Architects, Inc.	\$136,200	\$13,620	\$149,820
Fugro Consultants, Inc.	\$3,500	\$500	\$4,000
Keystone Engineering Solutions, Inc.	\$11,054		\$11,054
<b>TOTAL RECOMMENDED AUTHORIZATION</b>			<b>\$2,349,729</b>

The following summarizes all Project design costs, construction contract funding, and other Project costs:

### ESTIMATED TOTAL PROJECT COST

*\*Cents have been rounded to the nearest dollar in this table.*

Design (by Contract)	\$204,000
Other Design Costs (by Contract)	\$32,864
City Staff Costs	\$68,452
<b>Subtotal</b>	<b>\$305,316</b>
Construction Contract	\$1,899,874
Construction Change Order Allowance	\$284,981
<b>Subtotal</b>	<b>\$2,184,855</b>
Construction Management/Inspection (by City Staff)	\$169,360
Design Support Services during Construction (by Contract)	\$149,820
Material Testing and Special Inspection (by Contract)	\$4,000
LEED Commissioning (by Contract)	\$11,054
<b>Subtotal</b>	<b>\$334,234</b>
<b>TOTAL PROJECT COST</b>	<b>\$2,824,405</b>

State Redevelopment Act (Health and Safety Code) Findings:

The Project is situated within the Redevelopment Agency Project Area (Project Area). The California Health and Safety Code Section 33445 allows, with the consent of the legislative body, the funding of capital projects on property that is publicly-owned where the project is within the Project Area, and if the project can satisfy certain required findings. This Project provides residences and businesses of the Central City Redevelopment Project ("CCRP") Project Area with critical public safety services. Without these necessary services the Project Area would not be a viable residential or commercial area, and would eventually result in conditions that would lead to blight.

Thus, the redevelopment resulting from this Project meets all of the required findings in Section 33445. The findings include the following:

1. The proposed improvements are of benefit to the CCRP Area as they will provide the residences and businesses of the Project Area with critical public safety services without which the Project Area would not be a viable residential or commercial area, and would result in conditions that would lead to blight.
2. No other reasonable means of financing the improvements are available to the City.
3. The expenditure of Redevelopment Agency funds for these improvements is consistent with the Agency's adopted 2010-2014 Implementation Plan.

**SUSTAINABILITY IMPACT:**

This project incorporates green building materials and construction techniques in pursuit of a LEED Silver rating for new construction.

**ATTACHMENT:** Index to Reading File of Bid Protest Materials and documents made available to the City Council and made available to the public in the City Clerk's Office

**PREPARED BY:** Joshua N. Haggmark, Principal Civil Engineer/LJ/AF/mj  
Brian Bosse, Housing and Redevelopment Manager

**SUBMITTED BY:** Christine F. Andersen, Public Works Director  
Paul Casey, Assistant City Administrator/Redevelopment Agency Deputy Director

**APPROVED BY:** City Administrator's Office

**Fire Station No. 1 Administrative Office Building Project  
Melchiori Construction Bid Protest  
Index to Reading File**

TAB NO.	DOCUMENT	BATES STAMP	DATE
1	Bid Contract No. 3608	000001-000024	11/05/10
2	Bid Results	000025	12/14/10
3	Bid Submitted by Melchiori Construction	000026-000046	12/14/10
4	Bid Submitted by Western Group	000047-000062	12/14/10
5	Bid Submitted by McGillivray Construction	000063-000076	12/14/10
6	Bid Protest Letter Submitted by Melchiori	000077-000078	12/15/10
7	Letter from City to Melchiori Confirming Receipt of Bid Protest	000079-000080	12/23/10
8	Response from Western Group Regarding Allegations Contained in Melchiori's Protest	000081-000119	12/27/10
9	Letter from Melchiori to City Reiterating Bid Protest Allegations	000120-000133	01/03/11
10	Letter from City to Melchiori Explaining City Staff's Recommendation to Accept Western's Bid	000134-000138	01/20/11
11	Letter from Melchiori's Attorney to City Setting Forth Additional Protest Allegations	000139-000143	02/02/11
12	Letter from Melchiori's Attorney to City Setting Forth Additional Protest Allegations	000144-000145	02/03/11
13	Letter to Western from City Asking for a Response to Melchiori's Letters dated 2.2.11 and 2.3.11	000146-000153	02/03/11
14	Response from Western Regarding Protest Allegations Contained in Melchiori's Letters dated 2.2.11 and 2.3.11	000154-000162	02/07/11
15	Letter from Melchiori's Attorney to City with Documentation Submitted as Proof of Bid Protest Allegations	000163-000210	02/10/11
16	Letter from Melchiori's Attorney to City with Documentation Submitted as Proof of Bid Protest Allegations	000211-000212	02/15/11
17	Response from Western Regarding Protest Allegations Contained in Melchiori's Letters dated 2.2.11, 2.3.11 and 2.10.11	000213-000238	02/16/11

18	Letter from City Attorney's Office to Melchiori's Attorney Notifying them of March 1, 2011 Council Hearing and Providing Reading File	000239	02/23/11
19	Letter from City Attorney's Office to Western's Attorney Notifying them of March 1, 2011 Council Hearing and Providing Reading File	000240	02/23/11
20	Memo by City Staff Summarizing All Protest Allegations and Supporting Recommendation to Award Bid to Western Group		02/23/11